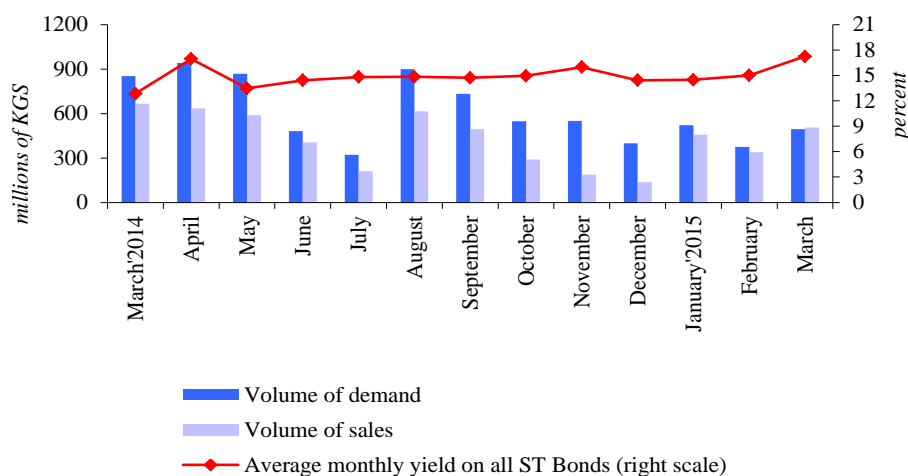


Market of State Treasury Bonds (March 2015)

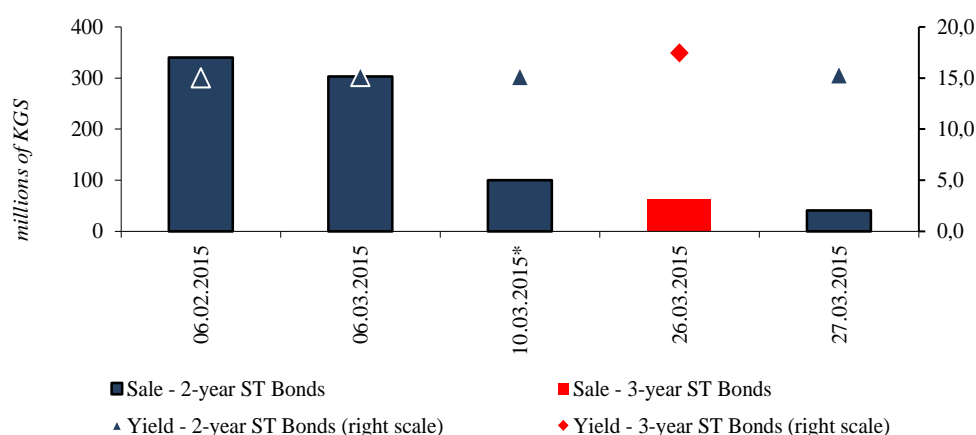
Chart 1. Dynamics of Volume of Supply, Demand and Yield of ST Bonds



In the reporting period, three auctions on placement of treasury bonds of the Ministry of Finance of the Kyrgyz Republic and one additional placement were held at the primary market. The total amount of the announced ST Bonds issue amounted to KGS 598.0 million having increased by 75.9 percent as compared to the previous month. The volume of demand amounted to KGS 494.0 million (+31.6 percent). In the reporting period, the Ministry of Finance continued offering 2-year ST Bonds and resumed selling 3-year ST Bonds. Meanwhile, the sales volume of 2-year ST Bonds increased by 30.6 percent, up to KGS 444.0 million, due to some increase in activity of commercial banks and institutional investments. Sales of 3-year ST Bonds amounted to KGS 62.5 million. Finally, the level of satisfied demand decreased by 8.3 percentage points and constituted 82.3 percent.

The overall average monthly yield on all ST Bonds in the reporting period was formed at the rate of 17.2 percent having increased by 2.2 percentage points over the month due to sales of 3-year securities. In March, the yield of 2-year securities constituted 15.2 percent (+0.1 percentage point), 3-year – 17.4 percent.

Chart 2. Dynamics of Volume of Demand, Sales and Yield of ST Bonds



The volume of ST Bonds in circulation increased to KGS 8.1 billion (+13.2 percent) since the beginning of the year. At the same time, there was the trend of increase in the share of core shareholders - institutional investors up to 54.2 percent (+2.1 percentage points). The share of commercial banks, on the other hand, decreased by 2.1 percentage points and developed at a rate of 45.7 percent. The share of resident legal entities still remained at the level of 0.1 percent. The share of resident individuals was insignificant due to slight growth of ST Bond portfolio.

Over the month, the concentration index¹ of the primary market of ST Bonds was 0.33, which indicates a high level of concentration and corresponds to the presence of the three investors with equal shares at the market.

In the reporting period, no transactions with ST Bonds were carried out at the secondary market.

Table 1. Structure of ST Bonds Holders at Face Value

thousands of KGS

Date	TOTAL	including									
		Commercial Banks		Institutional Investors		Resident Individuals		Resident Legal Entities		Non-Resident Legal Entities	
01.04.2014	5 916 280,0	3 073 612,1	52,0%	2 836 967,9	48,0%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.05.2014	6 404 580,0	2 939 877,8	45,9%	3 459 002,2	54,0%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.06.2014	6 826 480,0	3 161 885,4	46,3%	3 658 894,6	53,6%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.07.2014	7 081 360,0	3 195 535,4	45,1%	3 880 124,6	54,8%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.08.2014	7 071 350,0	3 275 785,4	46,3%	3 788 864,6	53,6%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.09.2014	6 994 600,0	3 084 681,3	44,1%	3 903 218,7	55,8%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.10.2014	7 208 100,0	3 318 252,5	46,0%	3 883 147,5	53,9%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.11.2014	7 229 000,0	3 368 300,4	46,6%	3 853 999,6	53,3%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.12.2014	7 218 400,0	3 390 223,4	47,0%	3 821 476,6	52,9%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.01.2015	7 156 300,0	3 420 223,4	47,8%	3 729 376,6	52,1%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.02.2015	7 493 150,0	3 523 928,0	47,0%	3 902 472,0	52,1%	50,0	0,0%	6 700,0	0,1%	60 000,0	0,8%
01.03.2015	7 717 100,0	3 601 628,0	46,7%	4 108 772,0	53,2%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.04.2015	8 103 650,0	3 706 678,3	45,7%	4 390 221,7	54,2%	50,0	0,0%	6 700,0	0,1%	0,0	0,0%

¹ This index indicated to the degree of concentration of securities in the bank portfolio. The concentration index is calculated with the use of the Herfindahl-Hirschman method, by adding index share squares in the total volume. The index values vary from 0 to 1. Index value below 0.10 corresponds to the low value of concentration, from 0.10 to 0.18 – to the medium level; and above 0.18 – to the high level of concentration. For example, the concentration index of 0.50 is equivalent to the presence of 2 market players with equal shares; 0.30 – to the presence of 3 players, etc.